

Durham County Government

American Rescue Plan Act Grant Guidelines



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American Rescue Plan Act - Grant Guidelines**

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Grant Ordinance Adopted, June 27, 2022

I. PURPOSE

Purpose

On March 11, 2021, President Biden signed the American Rescue Plan Act (ARPA). Of the \$1.9 trillion package, Durham County will receive \$62,445,275, which will be split into two equal payments of \$31,222,637.50. ARPA funding has been a transformative investment in the community, leveraging resources from other local, state, and federal dollars to optimize the potential overall community impact. Based on US Treasury Guidelines, original funding priorities should include long-lasting improvements that can be invested into the pandemic recovery, replacing public sector revenue loss, and supporting premium pay for essential workers. Further, the funds can help water and sewer infrastructure and improve broadband access. Since the original focus areas, the US Treasury authorized additional areas of investment, including spending to provide emergency relief from natural disasters, supporting transportation infrastructure eligible projects, and matching funds and funding any project, program, or service that would also be eligible under HUD's Community Development Block Grant program. Durham County's grant ordinance was adopted on June 28, 2022 (Attachment 1).

II. SCOPE

Guiding principles were established as an initial framework for planning with the Board of County Commissioners (BOCC), staff, and the community on potential uses of ARPA dollars. These principles include following the US Treasury Guidelines for funds use, are listed below.

US Treasury Guidelines for Primary Ways to Invest ARPA Funds

These funds may be used for the following categories of expenditures to the extent authorized by state law.

1. Support public health expenditures by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff;
2. Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector;

3. Provide services to disproportionately impacted communities to include providing housing support, healthy childhood environments, social, emotional and mental health services;
4. Provide premium pay for essential workers offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors;
5. Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.
6. Revenue replacement;
7. Administrative expenses.

III. GUIDING PRINCIPLES

In addition to the US Treasury spending parameters, guiding principles were established in May 2021 to help the BOCC and staff prioritize projects that promote evidence-based solutions when spending ARPA funds. These additional principles will be refined as the final US Treasury rules are established. The additional county-specific guiding principles are listed below.

1. Leverage ARPA funds with federal, state, and local community resources to optimize the overall allocation.
2. Prioritization is given to funding that addresses equity, including health disparities, closing the achievement gap, historically disenfranchised communities, infrastructure support to unincorporated areas, and funding to support minority-owned businesses.
3. Evaluate the infrastructure needed to address compliance with increased workloads resulting from COVID-19 in human services, public safety, and administrative operations.
4. Establish a framework for an inclusive process that allows for community discussions and input. When possible, coordinate meetings with community partners with communications that include accommodations for non-English-speaking individuals and individuals with hearing and visual impairments.
5. Project prioritization will be given to funding priorities that support the Board's strategic and capital plans and other assessments endorsed by the

BOCC. Projects have evidence-based and data-driven analytics to support strategic plan placement.

6. County expenses that can be reimbursed through FEMA should be limited to ARPA dollars.
7. Identify strategic one-time projects and a sustainability strategy for initiatives that require funding beyond one year.

Durham County has received an allocation of funds from the Coronavirus State and Local Fiscal Recovery Funds of H.R. 1319 American Rescue Plan Act of 2021 (ARPA/CSLFRF). A separate ARPA fund has been established through an ARPA Grant Project Ordinance to budget and account for the receipt and use of the funds.

[Title 2 U.S. Code of Federal Regulations Part 200](#), (2 CFR 200) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, commonly called Uniform Guidance (UG), specifically Subpart D, defines requirements of pass-through entities initiating sub-award agreements with Coronavirus State and Local Fiscal Recovery Funds of H.R. 1319 American Rescue Plan Act of 2021 (ARP/CSLFRF). The County of Durham shall adhere to all applicable sub-award and monitoring requirements governing the use of ARP/CSLFRF. This guideline establishes procedures for classifying, making an award to, and monitoring a sub-recipient consistent with ARP/CSLFRF grant award terms and all applicable federal regulations in the UG.

The Deputy County Manager for Financial Affairs, County Grants Administrator, or other persons designated by the County Manager, are responsible for following these guidelines. They are charged with the administration and financial oversight of the [ARP/CSLFRF].

IV. DEFINITIONS

The definitions in 2 CFR 200.1 apply to this policy, including the following:

Contract: for the purpose of Federal financial assistance, a legal instrument by which a recipient or sub-recipient purchases property or services needed to carry out the project or program under a Federal award. For additional information on sub-recipient and contractor determinations, see § 200.331. See also the definition of sub-award in this section.

Contractor: An entity that receives a contract as defined in this section.

Pass-through Entity: A non-Federal entity that provides a sub-award to a sub-recipient to carry out part of a Federal program.

Recipient: An entity, usually but not limited to non-Federal entities, that receives a Federal award directly from a Federal awarding agency. The term recipient does not include sub-recipients or individuals that are beneficiaries of the award.

Sub-award: An award provided by a pass-through entity to a sub-recipient for the sub-recipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A sub-award may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.

Sub-recipient: An entity, usually but not limited to non-Federal entities, that receives a sub-award from a pass-through entity to carry out part of a Federal award; but does not include an individual that is a beneficiary of such award. A sub-recipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

V. PROCEDURE

A. Sub-recipient Classification

The County must determine on a case-by-case basis whether an agreement with another government entity or private entity that is not a beneficiary casts the party receiving the funds as a sub-recipient or contractor. 2 CFR 200.331.

A sub-award is to carry out a portion of a Federal award and creates a Federal assistance relationship with the sub-recipient. Characteristics that support the classification of the non-Federal entity as a sub-recipient include when the non-Federal entity:

1. Determines who is eligible to receive what Federal assistance;
2. Has its performance measured in relation to whether objectives of a Federal program were met;
3. Has responsibility for programmatic decision-making;
4. Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

A contract is for the purpose of obtaining goods and services for the non-Federal entity's own use and creates a procurement relationship with the contractor. Characteristics indicative of a procurement relationship between the non-Federal entity and a contractor are when the contractor:

1. Provides the goods and services within normal business operations;

2. Provides similar goods or services to many different purchasers;
3. Normally operates in a competitive environment;
4. Provides goods or services that are ancillary to the operation of the Federal program; and
5. It is not subject to compliance requirements of the federal program as a result of the agreement, though similar requirements may apply for other reasons.

In determining whether an agreement between a pass-through entity and another non-Federal entity casts the latter as a sub-recipient or a contractor, the substance of the relationship is more important than the form of the agreement. All of the characteristics listed above may not be present in all cases, and the pass-through entity must use judgment in classifying each agreement as a sub-award or a procurement contract.

The County will use the above criteria to determine if an agreement involving the expenditure of ARP/CSLFRF is a contract or sub-award with the County Grants Administrator, and the Deputy County Manager for Financial Affairs will document the determination in the Sub-recipient or Contractor Classification Checklist.

If the agreement involves a contractor relationship (including a contract for services), the County must follow its UG Procurement Policy when entering into a contract.

If the agreement involves a sub-recipient relationship, the County must proceed to Sections B. through D. below.

B. Assessment of Risk

Before engaging in a sub-award, the County must evaluate a sub-recipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the sub-award to determine whether to award the sub-award and the appropriate sub-recipient monitoring.

The Deputy County Manager for Financial Affairs or the County Grants Administrator, or their designee, will conduct the risk assessment, which will include consideration of the following factors:

1. The sub-recipient's prior experience with the same or similar sub-awards;
2. The results of previous audits, including whether or not the sub-recipient receives a Single Audit in accordance with 2 CFR 200 Subpart F and the extent to which the same or similar sub-award has been audited as a major program;
3. Whether the sub-recipient has new personnel or new or substantially changed systems; and
4. The extent and results of Federal awarding agency monitoring (e.g., if the sub-recipient also receives Federal awards directly from a Federal awarding agency). 2 CFR 200.332(b).

The risk assessment results must be documented in the Sub-Recipient Assessment of Risk form in Appendix 2 and will be used to dictate the types and degree of sub-recipient monitoring. The County will assign an overall risk level to the sub-recipient indicating the following:

Low Risk	Moderate Risk	High Risk
There is a low risk that the sub-recipient will fail to meet project or programmatic objectives or incur significant deficiencies in financial regulatory or other compliance areas.	There is a moderate risk that the sub-recipient will fail to meet project or programmatic objectives or incur significant deficiencies in financial regulatory, reporting, or other compliance requirements.	There is a high risk that the sub-recipient will fail to meet project or programmatic objectives and incur significant deficiencies in the financial regulators, reporting, or other compliance requirements.

C. Sub-recipient Monitoring

The County will develop and implement a sub-recipient monitoring plan for the particular sub-award based on the findings of the Sub-Recipient Assessment of Risk. According to 2 CFR 200.332(d), the monitoring plan must include:

- 1) Reviewing financial and performance reports required by the pass-through entity.
- 2) Following-up and ensuring that the sub-recipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the sub-recipient from the pass-through entity detected through audits, on-site reviews, and written confirmation from the sub-recipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular sub-award.
- 3) Issuing a management decision for applicable audit findings pertaining only to the Federal award provided to the sub-recipient from the pass-through entity as required by 2 CFR [200.521](#).
- 4) The pass-through entity is responsible for resolving audit findings specifically related to the sub-award and not responsible for

resolving crosscutting findings. If a sub-recipient has a current Single Audit report posted in the Federal Audit Clearinghouse and has not otherwise been excluded from receipt of Federal funding (e.g., has been debarred or suspended), the pass-through entity may rely on the sub-recipient's cognizant audit agency or cognizant oversight agency to perform audit follow-up and make management decisions related to cross-cutting findings in accordance with section 2 CFR [200.513\(a\)\(3\)\(vii\)](#). Such reliance does not eliminate the responsibility of the pass-through entity to issue sub-awards that conform to agency and award-specific requirements, to manage risk through ongoing sub-award monitoring, and to monitor the status of the findings that are specifically related to the sub-award.

The County's monitoring plan will vary based on the overall sub-recipient risk assessment as low risk, medium risk, or high risk, detailed as follows:

Low Risk	Moderate Risk	High Risk
<ul style="list-style-type: none"> • Financial Reports (monthly) • Report Reviews (quarterly) • Desk Reviews (at least once per year and more frequently if requested by the County or sub-recipient) • Onsite reviews (upon request of County or sub-recipient) • Audit review (yearly) upon request 	<ul style="list-style-type: none"> • Financial Reports (monthly) • Report Reviews (bi-monthly) • Desk Reviews (within six months of project start and every six months thereafter) • Audit review (yearly) upon request • Procedures engagement (if sub-recipient not subject to Single Audit Act; yearly) 	<ul style="list-style-type: none"> • Financial Reports (monthly) • Compliance Training (one-time) • Prior approvals for certain expenditures • Report Reviews (monthly) • Desk Reviews (within 3 months of project start and at least quarterly thereafter) • Onsite reviews (within 6 months of project start and bi-annually thereafter, or more frequently as requested by the County or sub-recipient) • Audit review (yearly), if necessary, upon request • Procedures engagement (if sub-recipient not subject to Single Audit Act; yearly)

Financial Reports: All sub-recipient documentation for project expenditures must be reviewed by the County for compliance with sub-award requirements. Any non-compliant expenditures will be denied, and the sub-recipient will be provided a reasonable description of the reason for denial and an opportunity to cure the deficiency. For a sub-recipient on a reimbursement-based payment structure, the validation will occur before a reimbursement payment is approved. For a sub-recipient that received an up-front payment, any funds found to have been expended in violation of the sub-award requirements must be repaid to the County.

Report review: A sub-recipient must submit quarterly financial and performance reports, based on the schedule set forth in the sub-award. The nature and scope of the reports will depend on the project and be spelled out in the sub-award. The reports will be reviewed the County Grants Administrator and the Deputy County Manager for Financial Affairs. Any deficiencies or other performance concerns will be addressed with the sub-recipient in a timely manner and could trigger additional monitoring requirements or other interventions, as specified in the sub-award.

Desk review: The County will conduct a meeting to review the sub-recipient's award administration capacity and financial management. The meeting may be held virtually or in person. Topics covered will depend on project scope and sub-recipient risk assessment and may include governance, budgeting, accounting, internal controls, conflict of interest, personnel, procurement, inventory, and record keeping. Sub-recipient must provide the documentation of the current grant life cycle. The County will produce a report which summarizes the results and any corrective actions if deemed necessary. The report will be shared in a timely manner with the sub-recipient.

Onsite review: The County will conduct an on-site meeting at the sub-recipient's location to review the sub-recipient's project performance and compliance. Topics covered will depend on project scope and sub-recipient risk assessment and may include project procurement, data systems, activity and performance tracking, project reporting, inventory, and software systems. The County will produce a report which summarizes the results, and any corrective actions deemed necessary. The report will be shared in a timely manner with the sub-recipient.

Audit review: The County must verify that every sub-recipient is audited as required by [Z. CFR 200 Subpart](#) (Single Audit) when it is expected that the sub-recipient's Federal awards expended during the respective fiscal year equaled or exceeded the \$750,000.00 threshold set forth in [2CFR200.501](#)

The County must obtain a copy of the sub-recipient's Single Audit. Within six months of the acceptance of the audit report, the County will issue a management decision for any audit findings related to the sub-award. The decision will clearly state whether or not

the audit finding is sustained, the reasons for the decision, and the expected auditee action to repay disallowed costs, make financial adjustments, or take other action. (The decision will include reference numbers the auditor assigned to each finding.) The decision will provide a timetable for responsive actions by the sub-recipient. Prior to issuing the management decision, the County may request additional information or documentation from the auditee, including a request for auditor assurance related to the documentation, as a way of mitigating disallowed costs.

Procedures engagement: Applicable only to sub-recipients who are not subject to the Single Audit Act. An auditor will perform specific procedures and report on findings. The scope must be limited to the following compliance requirements: activities allowed or unallowed, allowable costs/cost principles, eligibility, and reporting. The review will be arranged and paid for by the sub-recipients. The County will verify the completion of the procedures engagement. Within six months of the acceptance of the procedures engagement report, the County will issue a management decision for any findings related to the sub-award. The decision will provide a timetable for responsive actions by the sub-recipient. Prior to issuing the management decision, the County may request additional information or documentation from the sub-recipient, including a request for auditor assurance related to the documentation, as a way of mitigating disallowed costs.

The specific monitoring plan for each sub-recipient, including the type and frequency of reviews, will be detailed in the sub-award agreement. For all requirements beyond those listed under the low-risk category above, the County will notify the sub-recipient of the following in the sub-award:

1. The nature of the additional requirements;
2. The reason why the additional requirements are being imposed;
3. The nature of the action needed to remove the additional requirement, if applicable;
4. The time allowed for completing the actions if applicable; and
5. The method for requesting reconsideration of the additional requirements imposed.

To implement the monitoring plan, the County Grants Administrator and the Deputy County Manager, or their designee, must perform periodic reviews and document findings.

C. Sub-Recipient Interventions

The County may adjust specific sub-award conditions as needed, in accordance with 2 CFR 200.208 and 2 CFR 200.339. If the County determines that the sub-recipient is not in compliance with the sub-award, the County may institute an intervention. The degree of the sub-recipient's performance or compliance deficiency will determine the degree of intervention. All possible interventions must be indicated in the sub-award agreement.

The County must provide written notice to the sub-recipient of many intervention within thirty days of the completion of a report review, desk review, onsite review, audit review, or procedures engagement review or as soon as possible after the County otherwise learns of a sub-award compliance or performance deficiency.

Pursuant to 2 CFR 200.208, the written notice must notify the sub-recipient of the following related to the intervention:

1. The nature of the additional requirements;
2. The reason why the additional requirements are being imposed;
3. The nature of the action needed to remove the additional requirement, if applicable;
4. The time allowed for completing the actions if applicable; and
5. The method for requesting reconsideration of the additional requirements imposed.

The following interventions may be imposed on a sub-recipient, based on the level of the compliance or performance deficiency:

Level 1 Interventions. These interventions may be required for minor compliance or performance issues.

1. Sub-recipient addresses specific internal control, documentation, financial management, compliance, or performance issues within a specified time period
2. More frequent or more thorough reporting by the sub-recipient
3. More frequent monitoring by the County
4. Required sub-recipient technical assistance or training
5. Required impact visits to determined actions that maybe needed.
6. Regular Office Hours calls (based on needs)

Level 2 Interventions. These interventions may be required, in addition to Level 1 interventions, for more serious compliance or performance issues.

1. Restrictions on funding payment requests by sub-recipient
2. Disallowing payments to sub-recipient

3. Requiring repayment for disallowed cost items
4. Imposing probationary status on sub-recipient

Level 3 Interventions. These interventions may be required, in addition to Level 1 and 2 interventions, for significant and/or persistent compliance or performance issues.

1. Temporary or indefinite funding suspension to sub-recipient
2. Nonrenewal of funding to sub-recipient in subsequent year
3. Terminate funding to sub-recipient in the current year
4. Initiate legal action against sub-recipient
5. Interviews with staff of sub-recipient
6. Audit assistance

D. Sub-award Agreement & Execution

The sub-award agreement will be drafted by the Deputy County Manager for Financial Affairs or County's Grant Administrator using the Sub-Award Agreement Template. Contract terms and conditions may vary based on several factors, including sub-recipient risk assessment findings, as documented in the Sub-Recipient Assessment of Risk. After the Board of County Commissioners review, the County Manager may fully execute the sub-award agreement, subject to budget amendments and pre-audit requirements.

VI. OTHER

None

VII. ATTACHMENTS

- Federal Grant Subaward Process Checklist
- Sub-recipient Risk Assessment Template - County
- Sub-recipient Monitoring Form



FEDERAL GRANT SUBAWARD PROCESS CHECKLIST

PURPOSE

This checklist is intended to provide a listing of the steps needed to complete all applicable requirements for entering into a valid subaward agreement for **federal funds** with Durham County. The document aims to provide a step-by-step process that can be followed to ensure efficient and timely completion of the subaward process. Where the checklist includes steps to meet Federal requirements, links and relevant citations are provided.

This checklist is intended to be utilized after a subrecipient has already been selected by the County, either through a subgrant competition or through another process. The checklist should only be used for *subawards*, rather than for contracts. For questions about contracting with Federal funds, please contact the Procurement Department.

The Program Administrator should maintain documentation evidencing completion of each step in the process in the event the County's administration of the grant program is subject to monitoring or audit.

SUBAWARD PROCESS KICK-OFF

While not requirement for Federal funding, it can be a helpful best practice to have a kick-off meeting at the start of the subaward finalization process with each subrecipient to go over the process components and required actions for both the County and the subrecipient organization. If assistance is required in planning or executing a Kick-Off meeting, please contact the County Grants Administrator.

RISK ASSESSMENT

Under the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements* (Uniform Guidance) Section 200.332(b), a pass-through entity for Federal grant funds is required to evaluate each potential subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward ([2 CFR 200.332\(b\)](#)). This risk assessment must then be used to determine an appropriate strategy for subrecipient monitoring.

The County utilizes a two-step process for completing the required risk assessment – 1) a Self-Assessment to be completed by the subrecipients, and 2) a County Assessment to evaluate the organization’s risk based on the Self-Assessment responses and accompanying supporting documents. Once the subrecipient has completed the Self-Assessment, the County Grants Administrator will be responsible for completing the County Assessment and providing the results to the Program Administrator. **Unless an extension is approved, a subrecipient must submit all required documentation and information within 30 calendar days of receiving the Self-Assessment.**

To complete the risk assessment process, both County and subrecipient must complete the following steps, with subrecipient staff providing any required documentation to the Program Administrator:

Subrecipient Actions

- Complete provided Self-Assessment using the provided Risk Assessment template and submit to Program Administrator.

- Review the current Scope of Work provided to the County for the subaward to ensure that it includes a description of any facilities, equipment, supplies, and/or staff that will support the implementation of the subaward. If not included in the current Scope of work, the subrecipient should either update the Scope of Work or provide this information to the Program Administrator separately.

- Provide the Program Administrator with the following documentation in support of the Self-Assessment. If individual documentation is unavailable, notify the Program Administrator when providing completed Self-Assessment. If one document includes more than one of the requested items, notify the Program Administrator when providing completed Self-Assessment.
 - Records Retention Policy

 - Conflict of Interest Policy

 - Nondiscrimination Policy

 - Code of Ethics/Employee

 - Up-to-Date Organization Chart (highlight staff who have only been in their current position for less than two years).

Note: The organization chart is only required to include the organization’s senior leadership and staff participating in the project but may include additional staff for ease of submission if necessary.

- Personnel Policy/Policies that addresses the following (as available) – establishing pay rates, time and attendance, leave, workplace discrimination, and nepotism

- Most recent audited financial statements or most recently completed Single Audit (if applicable)

- Copy of any recently issued grant monitoring reports from Federal, State, local, or private grantors (last three years only).

Current equipment inventory for items purchased with Federal funds (only required if organization has purchased equipment with Federal funds)

Approved Indirect Cost Rate Agreement (if applicable)

Documentation evidencing the level of information maintained within the organization's financial system (e.g., operation manuals, screenshots or other documentation as determined by subrecipient).

Program Administrator Actions

- Provide Self-Assessment template to subrecipient.
 - Compile the self-assessment and supporting documentation submitted by subrecipient organization for risk assessment and provide to County Grants Administrator.
 - Notify County Grants Administrator of any required information that subrecipient informed would not be provided.
 - Unless an extension has been requested by the subrecipient and approved, contact the subrecipient within 30 calendar days of sending Self-Assessment. If extension was approved, contact subrecipient at expiration of extension.
 - Notify County Grants Administrator of any documentation or information required for risk assessment that has not been provided at end of 30-day submission window (or after expiration of approved extension).
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EVALUATING NEED FOR SPECIFIC CONDITIONS

Based on the results of the risk assessment, the County must determine whether any specific subaward conditions must be imposed on the subrecipient organization through the grant agreement contract ([2 CFR 200.332\(c\)](#)). Specific conditions imposed by the County may include requiring payments as reimbursements rather than advance payments, requiring additional or more detailed financial or programmatic reporting, requiring prior approvals from the County for specific actions or expenditures, or other measures as determined by the County ([2 CFR 200.208](#)).

Subrecipient Actions

- No action required for this step.
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Program Administrator Actions

- Confer with County Grants Administrator regarding whether specific conditions are required for current grant award.
 - Provide communication to subrecipient as to any specific conditions to be imposed upon the organization's award through the grant agreement contract. Communication should identify the conditions to be imposed, the reason for
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imposing the specific conditions, the steps to be taken to remove the conditions (if applicable), and the timeline for corrective action to be taken (if applicable).

- With assistance from Grant Administrator, draft language within the grant agreement to reflect any specific conditions being imposed on the subaward.
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PLANNING SUBRECIPIENT MONITORING ACTIVITIES

Under Uniform Guidance Section 200.332(d), the County is required to monitor the activities of each subrecipient to ensure that each subaward is used for authorized purposes; in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that performance goal are to be achieved ([2 CFR 200.332\(d\)](#)). This monitoring must be informed by the completed subrecipient risk assessment, as described above.

While the full subrecipient monitoring plan for a grant does not need to be determined prior to the issuance of a subaward, it can be helpful to make some determination as to any required financial or performance reporting (including the frequency of reporting) as well as the potential frequency or type of monitoring engagements (e.g., desk review, on-site visits) in advance of the grant agreement development to allow for inclusion of any necessary language in the grant contract. **Failure to include provisions related to monitoring in the grant agreement will not preclude the County from conducting any necessary monitoring during the administration of the grant; the County may conduct any monitoring activities at its discretion throughout the life the of the grant award.**

Subrecipient Actions

- No action required for this step.
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Program Administrator Actions

- In consultation with the County Grants Administrator, review the results of the risk assessment to determine any potential monitoring activities that should be conducted for the subrecipient during grant administration – including any periodic financial and/or performance reporting to be completed.
 - In collaboration with the County Grants Administrator, develop language pertaining to planned monitoring activities for inclusion in the grant agreement contract.
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GRANT AGREEMENT DEVELOPMENT

Once the risk assessment is completed and specific conditions determined (as necessary), the County and the subrecipient can begin finalizing the grant agreement itself. The grant agreement will serve as the formal grant contract between the two parties and will outline all actions and obligations to be met by both parties related to the subaward.

Durham County does have a standard template for grant agreements. However, that template may be adjusted where necessary based on the need for specific conditions, unique requirements of the grant program itself, or upon approval of a change requested by a subrecipient. **Subrecipients may request any changes viewed as necessary to the grant agreement, but changes will only be made with the approval of the County Attorney's Office. Ultimately, the contents of the grant agreement are at the discretion of the County.**

Subrecipient Actions

- Develop a Scope of Work statement to be included in the grant agreement and provide a draft to the Program Administrator for review and approval.

The Scope of Work should outline:

- The activities to be executed using grant funds,
- The outcomes to be achieved under the subaward,
- The staff who be responsible for executing activities under the subaward (including their roles, titles, and planned responsibilities), and
- Any performance indicators used to measure the accomplishment of intended outcomes (as well as description of process for collecting and analyzing performance data, if applicable).

If subaward is the result of a competitive application process, the Scope of Work for the grant agreement should largely reflect the proposal previously submitted to the County; if subrecipient wishes to adjust the planned activities as part of process for finalizing Scope of Work, notification must be provided to Program Administrator.

If the subrecipient has questions about what should be included in the Scope of Work, contact the Program Administrator.

- Provide/develop a subaward budget to be included in the grant agreement that will outline the planned use of grant funds by category.

While there is not a required format for the subaward budget, if a template for the subaward budget is needed or preferred, contact the Program Administrator.

- Provide a certificate of insurance from an insurance company(s) possessing a rating of A-VII or higher from the A.M. Best Company and licensed to do business in North Carolina. The full insurance requirements for the grant award will be included in the grant agreement template provided by the Program Administrator, but must include the following coverages and levels of coverage:
 - Commercial General Liability – Limits no less than \$1,000,000 per occurrence and \$2,000,000 aggregate.
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- Commercial Automobile Liability – Limits no less than \$1,000,000 per accident for bodily injury and property damage.
 - Worker’s Compensation and Employers Liability – Limits no less than \$1,000,000 per occurrence.

Subrecipient may request a waiver for any of the insurance requirements (including coverage levels) but must provide a written justification for the waiver request. Waiver requests must be reviewed and approved by the County Attorney’s Office before any changes to the grant agreement provisions related to Insurance.

Program Administrator Actions

- Provide the subrecipient with the grant agreement contract template for their review, noting that the final content may change based on the results of risk assessment and/or any other program specific considerations that would warrant changes.
 - Provide documentation regarding certificate of insurance to County Grant Administrator and County Attorney’s Office for review and approval.
 - Verify that the subrecipient is not subject to suspension or debarment for Federal awards via Federal System for Award Management (SAM) (sam.gov).
 - Verify that the subrecipient has an active Unique Entity Identification Number via the Federal SAM site(sam.gov). The County cannot make a grant award to an organization that does not have an active Unique Entity Identification Number within SAM ([2 CFR 25.300](#)).
 - If subrecipient requests an exemption from the certificate of insurance requirement, confer with County Attorney’s Office as to whether exemption would be appropriate.
 - In consultation with County Grants Administrator, determine the frequency of required reporting to be completed by the subrecipient during the award period and include in grant agreement as necessary.
 - Review the subrecipient Scope of Work to determine sufficiency; request changes where necessary.
 - Review the subrecipient Subaward Budget to determine sufficiency; request changes where necessary.
 - In collaboration with the County Grant Administrator and County Attorney’s Office, develop a draft subaward agreement.
 - Provide the subrecipient with a draft of the subaward agreement once available.
 - As needed, coordinate the finalization of the grant agreement between the subrecipient, the County Grant Administrator, and the County Attorney’s Office.
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GRANT AGREEMENT APPROVAL

Once a final subaward agreement has been developed between County and subrecipient, the subaward agreement must then be approved by the County Manager and Board of County Commissioners before it is final. Once the Board has approved the agreement, the County Manager and authorizing official for the subrecipient may both sign the agreement to formally ratify the contract.

Subrecipient Actions

- After completion of County actions (described below), subrecipient should utilize appropriate internal process to obtain signature of authorizing official on the final approved grant agreement.
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Program Administrator Actions

- Place the subaward agreement upon Board of County Commissioners meeting agenda via Legistar and provide all supporting documentation as necessary for review. Program Administrator should confer with Department Director and Senior Executive Leadership (e.g., Assistant County Manager) as needed to determine whether item should be placed on Work Session or Regular Session agenda, or whether the item should be for discussion, consent, etc.
 - Present subaward agreement to Board of County Commissioners as needed.
 - After approval by Board of County Commissioners, the grant award agreement should be routed to the County Manager for signature.
 - Provide a copy of signed grant agreement to subrecipient for final signature.
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SUBAWARD NOTIFICATION

Under Uniform Guidance Section 200.332(a), the County must provide a formal notification to each subrecipient at the time of award that includes certain information pertaining to the grant ([2 CFR 200.332\(a\)](#)). The County utilizes a standard Grant Award Notice (GAN) template to fulfill this requirement (included as Attachment B to this checklist). While the County may have most (or all) of the information required to create the GAN, some information may be needed from the subrecipient to complete the required notification.

Subrecipient Actions

- Timely respond to any information requests provided by the Program Administrator.
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Program Administrator Actions

- The Program Administrator is responsible for completing the GAN for each subaward. The Program Administrator should utilize information from the subrecipient's grant application (if available) to complete the GAN; if required
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information not provided through the subaward application, or if required information is not available because there was no application required for the subaward, the Program Administrator should request the needed information from the subrecipient.

- The completed GAN for the subaward should be attached to the final copy of the Grant Agreement contract.
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FFATA REPORTING

Under Uniform Guidance Section 200.300(b), the County is responsible for complying with the provision of the Federal Funding Accountability and Transparency Act (FFATA), which includes certain reporting requirements for subawards made by the County greater than \$30,000 ([2 CFR 200.300\(b\)](#); [Appendix A to 2 CFR Part 170](#)). Required reporting must be completed within the FFATA Subaward Reporting System (FSRS). Certain identifying Information for each subrecipient receiving more than \$30,000 is required to be reported through FSRS, while additional required reporting may include the names and total compensation of the five most highly compensated executives for the subrecipient's preceding fiscal year if certain criteria apply to the organization receiving funds.

Subrecipient Actions

- If the County requests information from the organization to assist in completion of its FFATA reporting responsibilities, provide a timely and complete response to the Program Administrator.
-

Program Administrator Actions

- Review required information for standard FFATA reporting to determine whether additional information is needed from the subrecipient.
 - Together with the County Grants Administrator, review the subrecipients most recent audited financial statements to determine whether:
 - 80 percent or more of the organization's annual gross revenues were derived from Federal procurement contracts or grant funding.
 - The organization received \$25,000,000 or more in annual gross revenues from Federal procurement contracts or grant awards;
 - If the above boxes are checked, review the U.S. Security and Exchange Commission [total compensation filings](#) to see whether information on the five most highly compensated executives is already publicly available.
 - If subrecipient executive compensation reporting is required (i.e., if the organization meets the above criteria and the information is not already publicly available), request the necessary information from the subrecipient.
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Subrecipient Risk Assessment – County Assessment

Subrecipient Information and Eligibility Assessment

Subrecipient Information:

Subrecipient Name	
Subrecipient Unique Entity Identifier:	
Brief Description of Subaward Project and Role of Subrecipient:	[INSERT A BRIEF DESCRIPTION OF SUBAWARD PROJECT AND ROLE OF SUBRECIPIENT]
Name and Title of Subrecipient Personnel Providing Information for this Risk Assessment	[INSERT NAME AND TITLE OF SUBRECIPIENT PERSONNEL PROVIDING INFO. FOR THIS RISK ASSESSMENT]

Instructions

Under Uniform Guidance section 200.332(b), the County is required to complete a risk assessment prior to making any subawards of Federal funds to assess the risk of noncompliance with Federal requirements and the terms and conditions of Federal award posed by each organization receiving funds. The County’s Federal subaward risk assessment process is a two-part process: 1) a subrecipient self-assessment; and 2) a County assessment. The below template is to be used to complete the County Assessment after the completion and submission of the subrecipient self-assessment.

Once the subrecipient organization submits the self-assessment and supporting documentation, County grant staff must review the submission and determine a risk rating for each area of the risk assessment. Grant staff must make an independent assessment of the risk posed by the subrecipient for each area based on the subrecipient responses and supporting documentation, with a rating of High, Medium, or Low assigned for each section.

Once the assessment is completed for each component of the risk assessment, a score should be determined by assigning points for each indicator as follows:

- High – 5 points
- Medium – 3 points
- Low – 0 points

The points for each component should be totaled to establish an overall component score. The component scores will be subsequently combined into a single organization risk score. The organization will be identified overall as High, Medium, or Low risk based on the aggregate score as follows:

- High Risk – 75 to 115 points
- Medium Risk – 35 to 75 points
- Low Risk – 0 to 35 points

Organization Risk Assessment

Eligibility Assessment		Response
Is the entity prohibited from receiving Federal funds due to suspension or debarment per the Excluded Parties List located in the System for Award Management (SAM)? (https://sam.gov/content/home)		
Is the entity in good standing with Durham County Government? Discuss with appropriate Staff (Procurement, Legal, etc.).		
Has Data Collection Form on Federal Audit Clearinghouse (FAC) been reviewed? (https://facweb.census.gov/uploadpdf.aspx)		
If yes, List Findings:		
Risk Level Based on Eligibility Assessment [High/Medium/Low]:		
<p>Note: If an organization is prohibited from receiving Federal funds due to suspension or debarment, or if the organization is not in good standing with the Durham County government, the full risk assessment does not need to be completed. The organization will be ineligible for a subaward from Durham County. If so, risk Assessment should state “ineligible” for this row.</p>		

Risk Category	Subrecipient Response	Rating [High/Medium/Low]	Rating Justification
General Assessment			
1. Subrecipient Capacity. Is the proposed subrecipient entity’s (hereinafter “entity”) facility, equipment, supplies, and staffing adequate for the needs of the award?			

2. UG Procedures. Has the entity adopted and implemented all required Uniform Guidance policies and procedures?			
3. Records Retention Policies. Has the entity adopted and implemented records retention policies consistent with the Federal award terms?			
4. Conflict of Interest Policies. Has the entity adopted conflict of interest policies consistent with Federal award terms?			
5. Nondiscrimination Policies. Has the entity adopted nondiscrimination policies consistent with Federal award terms?			
6. Organization Licensure/Certification. Is the entity properly licensed or certified by a recognized source (i.e., the Internal Revenue Service non-profit determination letter, bonded and insured if performing construction-related activities, etc.)?			
7. Code of Ethics. Does the entity have a Code of Ethics policy which is provided to all associated employees?			
8. Control Environment. Has the entity's management demonstrated a commitment to compliance with the subaward terms and all applicable laws and regulations?			
Total Risk Score for General Assessment:			

Risk Category	Subrecipient Response	Rating [High/Medium/Low]	Rating Justification
Financial Management, Systems, & Personnel			

1. Financial Management System. Does the entity have a financial management system that provides records that can identify the sources and application of funds for subaward funded activities?			
2. Financial Controls. Does the entity's financial management system provide for the control and accountability of project funds, property, and other assets?			
3. Staffing Level. What is the current staffing level of the entity?			
4. Staff Turnover. Has there been any change in the entity's key staffing positions in the last 2 years?			
5. Staff Experience. What is the entity's staff's experience in performing stated activities in the proposed subaward?			
6. Personnel Policies. Does the entity have a formal, written personnel policy that addresses: (a) Pay rates & benefits (b) Time & attendance (c) Leave (d) Discrimination (e) Nepotism (f) Conflict of Interest?			
7. Overall Internal Controls. Does the entity have sufficient internal controls related to the subaward funds?			
8. Cash Flow. Does the entity have sufficient cash flow to carry out the subaward terms?			
Total Risk Score for Financial Management, Systems and Personnel:			

Risk Category	Subrecipient Response	Rating [High/Medium/Low]	Rating Justification
Experience with Other Federal Grants			
1. Previous Federal Grant Experience. Has the entity previously done work for the federal government?			

(a) If low or moderate (yes) , list the last three agencies and award periods.			
2. Past Performance Issues. Does the entity have documented past performance issues related to meeting federal program outcomes and managing federal funds in compliance with federal regulations?			
3. Previous Project Experience. Is the entity experienced in managing federal funds of the scope of this proposed subaward?			
4. Previous Monitoring Findings. Is the entity currently subject to any monitoring interventions related to other federal grant awards.			
5. Inventory Management. Does the entity maintain an inventory of federal government property that, at a minimum, identifies purchase date, cost, vendor, description, serial number, location, and ultimate disposition data?			
Total Risk Score for Experience with Other Federal Grants:			

Risk Category	Subrecipient Response	Rating [High/Medium/Low]	Rating Justification
Audit History			
1. Federal Cognizant Agency. Does the entity have a designated federal cognizant audit agency?			
(a) If yes , provide the name of the cognizant agency. <i>(Note: This question does not impacted weight of risk assessment)</i>			
2. Single Audit History. Has the entity completed a Single Audit in the past five years?			

(a) If Single Audit was completed , does the entity have any audit finding related to the management of Federal grant funds in one or more of the completed Single Audits?			
(b) If Single Audit was completed , does the entity have any documented deficiencies of internal controls in one or more of the completed Single Audits?			
(c) If no Single Audit completed , does the entity have annual financial statements that have been reviewed or audited by an independent audit firm in the most recently completed fiscal year?			
Total Risk Score for Audit History			

Risk Category	Subrecipient Response	Rating [High/Medium/Low]	Rating Justification
Indirect Rate Information			
1. Indirect Cost Rate. Does the entity have a negotiated federal indirect/F&A rate? (<i>Note: This question does not impacted weight of risk assessment</i>)			

Risk Category	Subrecipient Response	Rating [High/Medium/Low]	Rating Justification
Budget Composition			
1. Percentage of Federal Funding. What percentage of the entity's overall annual budget will this subaward comprise?			
Total Risk Score for Budget Composition			

Risk Category	Risk Score
Eligibility	
General Assessment	
Financial Management, Systems and Personnel	
Experience with Federal Grants	
Audit History	
Budget Composition	

Total Score	
Organization Risk Level [High/Medium/Low]	

Document any additional findings, mitigating factors, and recommendations here.

Assessment Completed By: _____ Date of Assessment: _____



Subrecipient Risk Assessment – Self-Assessment

Instructions – Subrecipient should complete the following Self-Assessment to facilitate the County’s risk assessment process. An answer of “Yes” or “No” should be provided in the “Response” column (or a simple percentage where applicable), with any comments provided in the requisite column; comments are not required and are at the discretion of the subrecipient. However, in conjunction with the Federal Subaward Checklist, the subrecipient should submit supporting documentation (where available) to substantiate its responses. Negative responses to the Self-Assessment and/or a lack of supporting documentation will not prohibit an organization from receiving Federal grant funds. However, the ultimate risk determination made by the County based on the responses and documentation may result in the imposition of additional conditions or monitoring of the subrecipient’s grant award.

Completion of the risk assessment is required to receive a subaward from Durham County. Failure to timely provide the requested Self-Assessment and supporting documentation may delay the finalization of the subaward grant agreement contract and subsequent award of funds. If you have any questions regarding the Self-Assessment, please contact the Program Administrator for your grant award.

Subrecipient Information:

Subrecipient Name	
Subrecipient Unique Entity Identifier:	
Brief Description of Subaward Project and Role of Subrecipient:	[INSERT A BRIEF DESCRIPTION OF SUBAWARD PROJECT AND ROLE OF SUBRECIPIENT]
Name and Title of Subrecipient Personnel Providing Information for this Risk Assessment	[INSERT NAME AND TITLE OF SUBRECIPIENT PERSONNEL PROVIDIN INFO. FOR THIS RISK ASSESSMENT]

Risk Category	Response	Comments
General Assessments		
1. Is the proposed subrecipient entity’s (hereinafter “entity”) facility, equipment, supplies, and staffing adequate for the needs of the award?		
2. Has the entity adopted and implemented all required Uniform Guidance policies and procedures?		
3. Has the entity adopted and implemented records retention, conflict of interest, and nondiscrimination policies, consistent with the Federal award terms?		

Federal Subaward Checklist – Attachment A

4. Is the entity properly licensed or certified by a recognized source (i.e., the Internal Revenue Service non-profit determination letter, bonded and insured if performing construction-related activities, etc.)?		
5. Does the entity have a Code of Ethics policy which is provided to all associated employees?		
6. Has the entity's management demonstrated a commitment to compliance with the subaward terms and all applicable laws and regulations?		

Financial Management, Systems, & Personnel

7. Does the entity have a financial management system that provides records that can identify the sources and application of funds for subaward funded activities?		
8. Does the entity's financial management system provide for the control and accountability of project funds, property, and other assets?		
9. What is the current staffing level of the entity?		
10. Has there been any change in the entity's key staffing positions in the last 2 years?		
11. What is the entity's staff's experience in performing stated activities in the proposed subaward?		
12. Does the entity have a formal, written personnel policy that addresses: (a) Pay rates & benefits (b) Time & attendance (c) Leave (d) Discrimination (e) Nepotism (f) Conflict of Interest?		
13. Does the entity have sufficient internal controls related to the subaward funds?		
14. Does the entity have sufficient cash flow to carry out the subaward terms?		

Experience with Other Federal Grants

15. Has the entity previously done work for the federal government?		If yes , list the last three agencies and award periods.
(a) If yes , what is the entity's past performance on meeting federal program outcomes and managing federal funds in compliance with federal regulations?		

Federal Subaward Checklist – Attachment A

16. Is the entity experienced in managing federal funds of the scope of this proposed subaward?		
17. Identify any monitoring interventions the entity is currently subject to related to other federal grant awards.		
18. Does the entity maintain an inventory of federal government property that, at a minimum, identifies purchase date, cost, vendor, description, serial number, location, and ultimate disposition data?		

Audits		
19. Does the entity have a designated federal cognizant audit agency?		If yes , provide name of audit agency.
20. Has the entity completed a Single Audit in the past five years?		If yes , provide a copy of the most recent audit and do not complete the rest of the Audit Section .
(a) If no to 20. , does the entity have annual financial statements that have been reviewed or audited by an independent audit firm?		If yes, please provide a copy of the statements from the most recent fiscal year. If no, please explain.

Indirect Rate Information		
21. Does the entity have a negotiated federal indirect/F&A rate? (<i>Note: This question does not impacted weight of risk assessment</i>)		If yes , what is the rate?

Percentage of Federal Funding		
22. What percentage of the entity's overall annual budget will this subaward comprise?		